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FISCAL IMPACT STATEMENT

LS 6037

BILL NUMBER: SB 119

NOTE PREPARED: Nov 3, 2008

BILL AMENDED:

SUBJECT: Lottery Game for Veterans Assistance.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill requires the State Lottery Commission to adopt rules to establish a scratch-off game to benefit Indiana veterans. The bill also deposits revenue from sales of tickets for the scratch-off game into the Military Family Relief Fund.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary* - The bill requires the State Lottery Commission to adopt rules to establish a scratch-off game to benefit veterans and requires the Commission to deposit the profits from the sale of the scratch-off game in the Military Family Relief Fund. Profits from such a scratch-off game could potentially range from \$750,000 to \$1 M per year initially.

The sales volume and profitability of the game would depend on game pricing, payout rates, ticket printing and shipping costs, advertising and promotional costs, and other operational factors. The estimate above assumes that per capita sales of a game in Indiana would be comparable to the per capita sales volume realized by Illinois' veterans assistance scratch-off games during FY 2007 and FY 2008. It also assumes a profit margin of 25%.

In addition, the extent that spending on the veterans benefit game may displace spending on other Hoosier Lottery games is indeterminable. Such displacement could potentially reduce the net income generated by other games that is deposited in the Build Indiana Fund.

Background Information - The Illinois Lottery has operated a scratch-off game to benefit the Illinois Veterans Assistance Fund since February 1, 2006. The current game benefitting the Fund is called Coin Craze with the price of a ticket set at \$2. FY 2006 sales (comprising only 5 months) totaled about \$5.9 M. Full-year sales of the veterans benefit game totaled approximately \$6.9 M in FY 2007 and \$8.3 M in FY 2008.

Since 2000, the operating margin for the Hoosier Lottery on draw games and instant ticket games combined has averaged about 27%, but the operating margin for instant tickets may be slightly below this overall average.

The Military and Family Relief Fund was established to provide assistance to the families of Indiana residents who are either members of a reserve component of the armed forces or the National Guard and are called to active duty after September 11, 2001. Money in the fund is provided as a grant to families unable to afford essential family support expenses.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Hoosier Lottery; Department of Veteran's Affairs.

Local Agencies Affected:

Information Sources: Hans Zigmund, Illinois Department of Revenue, (312) 814-8866; Ed Benton, Hoosier Lottery, (317) 264-496; *Illinois Lottery, Annual Reports: FY 2006 & FY 2007*; Illinois Lottery Instant Games, <http://www.illinoislottery.com/subsections/Instant2.htm>; U.S. Census Bureau, *Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2000, to July 1, 2007 (NST-EST2007-01)*, <http://www.census.gov/popest/states/NST-ann-est.html>.

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